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BEFORE THE ARIZONA CORPORATION COMMISSION

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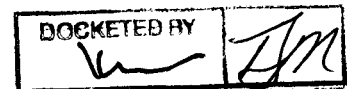
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2013 APR -2 P 12:10

Arizona Corporation Commission

DOCKETED

APR 02 2013



IN THE MATTER OF THE APPLICATION OF
PIMA UTILITY COMPANY, AN ARIZONA
CORPORATION, FOR A DETERMINATION OF
THE FAIR VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN ITS
WATER RATES AND CHARGES FOR UTILITY
SERVICE BASED THEREON.

Docket No. W-02199A-11-0329

IN THE MATTER OF THE APPLICATION OF
PIMA UTILITY COMPANY, AN ARIZONA
CORPORATION, FOR A DETERMINATION OF
THE FAIR VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN ITS
WASTEWATER RATES AND CHARGES FOR
UTILITY SERVICE BASED THEREON.

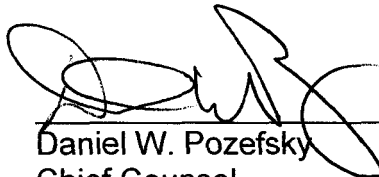
Docket No. SW-02199A-11-0330

**RUCO'S RESPONSE TO PIMA'S
PETITION TO AMEND DECISION
NO. 73573**

The Residential Utility Consumer Office ("RUCO") hereby files its Response to Pima's Petition to Amend Decision No. 73573. RUCO objects to Pima's request to impute income tax expense for all of the reasons cited in the underlying case as well as Commissioner Brenda Burn's Dissenting Opinion on the subject in Decision No. 73739. Requiring Pima's ratepayers to pay for a "phantom tax" which Pima as a corporate entity itself does not pay is not only unfair, it is wrong and will not result in fair nor reasonable rates.

1 Moreover, the Commission's methodology for calculating the tax allowance is
2 contrary to the weight of authority in the few states that have authorized an income tax
3 allowance for pass through entities. Pima's shareholders are not required to produce their
4 actual income tax statements. The Commission's new policy will allow Pima to recover an
5 amount that is not even based on Pima's shareholder's actual income taxes paid. In other
6 words, Pima will be able to recover an amount that the Company not only does not pay
7 itself but is guaranteed to be different than the actual amount of taxes its shareholder's
8 pay. Clearly, the approval of Pima's Petition, under no circumstances, is in the public
9 interest.

10 RESPECTFULLY SUBMITTED this 2nd day of April, 2013.

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13 Daniel W. Pozefsky
14 Chief Counsel

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20 AN ORIGINAL AND THIRTEEN COPIES
21 of the foregoing filed this 2nd day of April, 2013 with:

22 Docket Control
23 Arizona Corporation Commission
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1 COPIES of the foregoing hand delivered/
2 mailed this 2nd day of April, 2013 to:

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